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of the State of California
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6 Attorneys for Complainant

7
8 **BEFORE THE**
BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:) No. AC-96-38
12)
13 DOUGLAS C. HANSEN)
26002 Charing Cross Road)
14 Valencia, CA 91355) STIPULATION TO
Certified Public Accountant) SURRENDER
15 Certificate No. CPA 22024) OF CERTIFICATE
16 Respondent.)

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18 IT IS HEREBY STIPULATED by and between Douglas C. Hansen, the respondent in
19 this proceeding and the Board of Accountancy (hereinafter referred to as the Board) by and
20 through its attorney, Gus Gomez, Deputy Attorney General, that:

21 1. Douglas C. Hansen ("Respondent") has received and read the Accusation
22 which is presently on file and pending in Case No. AC-96-38 before the Board, a copy of
23 which is attached hereto as Exhibit A and incorporated herein. Carol Sigmann, Executive
24 Officer of the Board, is Complainant in the Accusation, which was filed and prosecuted
25 solely in her official capacity.

26 2. The Board acquired jurisdiction over Respondent because Respondent is a
27 Board licensee and was served with a copy of the Accusation and all other documents

1 required by Government Code sections 11503 and 11505. Respondent has received and read
2 the Accusation, and has timely filed a Notice of Defense.

3 3. Respondent is licensed by the Board under certified public accountant
4 certificate number CPA 22024 for the practice of public accountancy. The certificate expired
5 on February 28, 1995 while on inactive status, but may be renewed at any time within five
6 (5) years after its expiration as provided by law.

7 4. Respondent understands the nature of the charges alleged in the Accusation and
8 that, if proven at hearing, such charges and allegations would constitute cause for imposing
9 discipline upon Respondent's certificate issued by the Board.

10 5. Respondent is fully informed regarding the provisions and effects of this
11 Stipulation, which Respondent has carefully read. Respondent is fully aware of his right to
12 be represented by legal counsel in this matter, his right to a hearing on the charges contained
13 in the Accusation, his right to confront and cross-examine witnesses against him, his right to
14 reconsideration, appeal, and any and all other rights which may be accorded him under the
15 California Administrative Procedure Act (Government Code section 11500 et seq.).

16 6. Respondent freely and voluntarily waives each and every one of the rights set
17 forth above.

18 7. Respondent understands that in signing this Stipulation rather than contesting
19 the Accusation, he is agreeing that the Board may issue its Order accepting the surrender of
20 his license without further legal process.

21 8. It is acknowledged by the parties that this Stipulation constitutes an offer in
22 settlement to the Board and is not effective until its adoption by the Board.

23 9. The parties agree that the Stipulation recited herein shall be null and void and
24 not binding upon the parties unless approved by the Board, except for this paragraph, which
25 shall remain in effect. In the event the Board in its discretion does not approve this
26 settlement, this Stipulation, with the exception of this paragraph, is withdrawn, shall be of no
27 evidentiary value, shall not be relied upon or introduced in any disciplinary action by either

1 party hereto, and shall not be construed as a waiver of Respondent's right to a hearing or as
2 an admission of the truth of any of the matters charged in the Accusation. However,
3 Respondent understands and agrees that in deciding whether or not to adopt this Stipulation
4 the Board may receive oral and written communications from its staff and the Attorney
5 General's Office. Communications pursuant to this paragraph shall not disqualify the Board
6 or other persons from future participation in this or any other matter affecting Respondent.
7 Respondent agrees that should the Board reject this Stipulation and if this case proceeds to
8 hearing, Respondent will assert no claim that the Board was prejudiced by its review and
9 discussion of this Stipulation or of any records related hereto.

10 10. The parties agree that facsimile copies of this Stipulation, including facsimile
11 signatures of the parties, may be used in lieu of original documents and signatures. The
12 facsimile copies will have the same force and effect as originals.

13 11. Respondent hereby surrenders Certified Public Accountant Certificate No.
14 CPA 22024 subject to the Board's formal acceptance of said surrender. Upon acceptance of
15 the Stipulation and Surrender by the Board, Respondent agrees to surrender and cause to be
16 delivered to the Board both his license and wallet certificate. Respondent further understands
17 that when the Board accepts the surrender of his certificate, he will no longer be permitted to
18 practice as a Certified Public Accountant in California.

19 12. Respondent fully understands and agrees that in acting upon any application
20 for licensure, relicensure or reinstatement which Respondent ever files in the State of
21 California or in any other state, the licensing entity shall deem all of the charges and
22 allegations contained in Accusation No. AC-96-38 to be true and correct and admitted by
23 Respondent. Respondent further stipulates that the Board's costs of investigation and
24 prosecution in this case were certified to be \$5,529.38 and stipulates that, in acting upon any
25 application for licensure, relicensure or reinstatement which Respondent ever files in the
26 State of California, the Board may impose, as a condition of licensure, relicensure, or
27 reinstatement, payment in full of these costs.

13. Based upon the foregoing, it is stipulated and agreed that the Board may issue the following as its decision in this case:

ORDER

IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA 22024, issued to Respondent Douglas C. Hansen and offered to the Board for surrender, is hereby accepted.

14. As is evidenced by the signatures below, the parties concur in the issuance of the above order.

ACCEPTANCE

I have carefully read and fully understand the Stipulation and Order set forth above. I understand that in signing this Stipulation I am waiving my right to a hearing on the charges set forth in the Accusation on file in this matter. I further understand that in signing this Stipulation the Board may enter the foregoing Order placing certain requirements, restrictions and limitations on my right to practice public accountancy in the State of California. I agree that a facsimile copy of this stipulation, including a facsimile copy of my signature, may be used with the same force and effect as the original.

DATED: 6-24-98

DOUGLAS C. HANSEN
Respondent

DATED: 6/26/98

DANIEL E. LUNGREN, Attorney General
of the State of California

GUS GOMEZ
Deputy Attorney General

Attorneys for Complainant

Hansen, sti

(06/09/98)

Exhibit A

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**DECISION AND ORDER
OF THE BOARD OF ACCOUNTANCY**

The foregoing Stipulation and Order, in Case No. AC-96-38, is hereby adopted as the Order of the California Board of Accountancy, and the surrender of Certified Public Accountant Certificate No. 22024 by Respondent Douglas C. Hansen, is hereby accepted by the Board. An effective date of AUGUST 29TH, 1998, has been assigned to this Decision and Order.

Made this 29TH day of JULY, 1998.



FOR THE BOARD OF ACCOUNTANCY

1 DANIEL E. LUNGREN, Attorney General
of the State of California
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8 BEFORE THE
BOARD OF ACCOUNTANCY
9 DEPARTMENT OF CONSUMER AFFAIRS
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11 In the Matter of the Accusation Against:)	No. AC-96-38
)	
12 DOUGLAS C. HANSEN)	
26002 Charing Cross Road)	ACCUSATION
13 Valencia, CA 91355)	
)	
14 Certified Public Accountant)	
Certificate No. CPA 22024)	
)	
15 Respondent.)	
)	

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18 Complainant, Carol Sigmann, for cause for discipline alleges:

19 1. She is the Executive Officer of the Board of Accountancy (hereinafter referred
20 to as the board) of the Department of Consumer Affairs of the State of California, and she
21 makes and files this accusation solely in her official capacity.

22 2. On September 26, 1975, the board issued to Douglas Craig Hansen
23 (hereinafter respondent) certified public accountant certificate number CPA 22024 for the
24 practice of public accountancy. The certificate was at all times mentioned herein in full
25 force and effect, and expired on February 28, 1995 while on inactive status.

26 3. Business and Professions Code section 118, subdivision (b) provides that the
27 suspension or expiration of a certificate does not deprive the board of authority or

1 jurisdiction to institute or continue with disciplinary action against the license or to order
2 suspension or revocation of the license, during the period within which the license may be
3 renewed, restored, reissued or reinstated.

4 Business and Professions Code section 5070.7 provides that an expired certificate or
5 permit may be renewed at any time within five (5) years after its expiration.

6 4. Pursuant to Business and Professions Code section 5100 the board may revoke,
7 suspend or refuse to renew the permit or certificate of a certified public accountant, or may
8 censure the holder of a permit or certificate for unprofessional conduct.

9 5. Business and Professions Code section 5100 provides in pertinent part that
10 unprofessional conduct includes, but is not limited to:

11 (g) Suspension or revocation of the right to practice
12 before any governmental body or agency.

13 (i) Knowing preparation, publication, or dissemination
14 of false, fraudulent, or materially misleading financial
15 statements, reports, or information.

16 6. Respondent is subject to discipline by the board pursuant to Business and
17 Professions Code section 5100, subdivision (g), by reason of the following facts:

18 A. In SEC v. Douglas C. Hansen, Civil Action No. 94-6548 HLH
19 (Shx), the Securities and Exchange Commission ("SEC") alleged that from the
20 first quarter of 1992 until on or after December 7, 1992, respondent, as Chief
21 Financial Officer of Huntway Partners, engaged in certain fraudulent practices
22 which caused Huntway Partners' quarterly financial statements filed with the
23 SEC on Forms 10-Q for the periods ended March 31, 1992, June 30, 1992,
24 and September 30, 1992 to contain certain materially false and misleading
25 statements regarding Huntway Partners' cash flow and liquidity position. In
26 addition, the SEC alleged in the same action that from October 1992 through
27 early December 1992, respondent wrote 177 checks against a Huntway

1 Partners account that lacked sufficient funds to cover the checks. The SEC
2 alleged that respondent's check-writing practices enabled Huntway to disguise
3 successfully its cash flow and liquidity problems, obtain unauthorized funds
4 from its principal creditor, Bankers Trust Company, and forestall a default on
5 its credit obligations to Bankers Trust.

6 B. On January 26, 1995, respondent consented to entry of a Final
7 Judgment of Permanent Injunction, pursuant to SEC v. Douglas C. Hansen,
8 Civil Action No. 94-6548 HLH (Shx). As part of the terms of settlement,
9 respondent was barred permanently from practice before the SEC.

10 7. Respondent is subject to discipline by the board pursuant to Business and
11 Professions Code section 5100, subdivision (i), by reason of the following facts:

12 A. While acting as Chief Financial Officer of Huntway Partners,
13 respondent signed Huntway Partners' Forms 10-Q for the quarter ended March
14 31, 1992, with full knowledge that the financial statements included therein
15 incorporated entries misstating inventory.

16 B. While acting as Chief Financial Officer of Huntway Partners,
17 respondent signed Huntway Partners' Forms 10-Q for the quarter ended
18 September 30, 1992, with full knowledge that the financial statements included
19 therein incorporated entries misstating inventory.

20 C. The sections of the Forms 10-Q referred to above, entitled
21 "Management's Discussion and Analysis of Results of Operations and
22 Financial Condition," state that management believed that the operations of
23 Huntway Partners' three refineries would continue to generate sufficient cash
24 flow to finance the company's operating requirements when, in fact, Huntway
25 Partners' operating margins were misstated materially in its quarterly filings,
26 and its liquidity position had deteriorated. Respondent signed Forms 10-Q, as
27 Chief Financial Officer, notwithstanding that these representations were false.

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